

Requirements/Compliance on Bonding



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

3106 (Office Code)

Serial No.

IN REPLY REFER TO:

CERTIFIED MAIL--RETURN RECEIPT REQUESTED

NOTICE

Assignee: : Oil and Gas Lease
:
: Date Assignment Filed: (Date)
:
:

Additional Requirement

Your assignment affecting oil and gas lease (Serial number) cannot be approved as filed.

Our records show a well has been drilled on the lease. Liability for the drilling operations is being maintained by the lessee(s). The Federal leasing regulations at 43 CFR 3104.2 state, "The operator on the ground shall be covered by a bond in his/her own name as principal, or a bond in the name of the lessee or sublessee, provided that a consent of the surety, or the obligor in the case of a personal bond, to include the operator under the coverage of the bond is furnished to the BLM office maintaining the bond." One of the following requirements must be met in order to comply with the cited regulation:

1. The assignee maintains Bond No. _____. The assignee may furnish a consent of surety to the bond. A sample consent is enclosed. The consent must be executed by the assignee (principal) and the surety and must be accompanied by a Power of Attorney for the person signing on behalf of the surety.

OR

1. The assignee maintains no bonding coverage. Options available to secure an appropriate bond are contained in the enclosed "Information on Procedures for Obtaining Surety and Personal Bonds." If the assignee files a surety bond, it must be accompanied by a consent of surety. A sample consent is enclosed. The consent must be executed by the assignee (principal) and the surety and must be accompanied by a Power of Attorney for the person signing on behalf of the surety. If a personal bond is secured, a consent of the principal to the personal bond will be required. A sample of the consent of Principal is also enclosed.

All of the lessees (record title holders) are maintaining a bond to cover liabilities on the lease for their proportionate share of record title interest. Only one bond is required to cover the operations provided it covers 100 percent of the liabilities. If one of the lessees agrees to cover 100 percent of the liabilities, a statement to that effect, signed by that lessee, may be filed in this office. That lessee also must obtain a consent of surety to its bond in accordance with 43 CFR 3104.2.

H-3106-1 - TRANSFERS BY ASSIGNMENT, SUBLEASE, OR OTHERWISE

Format for Notice Requesting Additional
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2. The operator of the well is _____ (Name) _____. The operator maintains Bond No. _____ that may be used to cover the liabilities provided a statement is filed in the _____ (Name) _____ District Office/Resource Area wherein the operator agrees to use its bond to cover the liabilities.

OR

2. The operator of the well is _____ (Name) _____. The operator currently maintains no bonding coverage. The operator may file an acceptable bond together with a statement that the bond will cover liabilities for operation of the well on the lease. Bond options are outlined in the enclosed "Information on Procedures for Obtaining Surety and Personal Bonds".

Forty-five days are allowed for the defect in the assignment to be cured. During that time, a new filing fee will not be required. If the defect in the assignment is not cured within the time allowed, we will issue a decision denying approval of the assignment. If additional time is needed to comply with the above requirement, a written request for an extension of time must be filed in this office before the end of the 45-day period. Should you have any questions concerning this correspondence, you may contact _____ (Name) _____ at _____ * _____.

Authorized Officer

Enclosures

- 1 - Consent of Surety
- 2 - Consent of Principal
- 3 - Bond Information

Distribution:

Field Office Operations, as appropriate

* Fill in appropriate office telephone number, including the Area Code.